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TRADEMARK LAW: *Vuitton v. White*, 945 F.2d 569 (3d Cir. 1991) AND THE *Ex Parte* SEIZURE ORDER IN TRADEMARK COUNTERFEIT LITIGATION: THE TREND MUST END

I. INTRODUCTION

*Vuitton v. White*¹ is representative of a recent trend in the area of trademark² law.³ In *Vuitton*, the United States Court of Appeals for the Third Circuit addressed the appealability of an *ex parte* seizure request⁴ and the merits of the appeal.⁵ The court held that it had jurisdiction to hear the appeal. The jurisdictional holding is important because it facilitates additional appellate review of trademark seizure cases. Under the merits of the appeal, the court granted the *ex parte* seizure request. *Vuitton* represents the latest in a succession of cases granting *ex parte* seizure requests. Many of these grants stem from the passage of the Trademark Counterfeiting Act of 1984.⁶

This Note examines the significance of this recent trend. Section II of the Note examines the *Vuitton* case as illustrative of the common context in which a request for an *ex parte* seizure order arises. Section III explores the events leading up to the passage of the Trademark Counterfeiting Act of 1984 ("the Act"), and traces the development of one of the Act's most controversial provisions, the *ex parte* seizure order. Finally, Section IV analyzes the potential problems that *ex parte* seizure orders may cause in trademark litigation and proposes alternative solutions to the courts' present practice of granting requests for such orders.

1. 945 F.2d 569 (3d Cir. 1991).

2. A trademark is defined as any word, name, symbol, or device or any combination thereof: (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of goods, even if that source is unknown.

15 U.S.C. § 1127 (1988).

3. See *infra* note 63 for a partial listing of cases granting requests for *ex parte* seizure orders.

4. *Vuitton*, 945 F.2d at 571-74. *Ex parte* is defined as "[a] judicial proceeding, order, injunction, etc., . . . taken or granted at the instance and for the benefit of one party only, and without notice to, or contestation by, any person adversely interested." BLACK'S LAW DICTIONARY 576 (6th ed. 1990).

5. *Vuitton*, 945 F.2d at 574-76.

6. 18 U.S.C. § 2320 (1988); see also *infra* notes 64-78 and accompanying text.

II. VUITTON V. WHITE

A. Facts and Holding

In *Vuitton v. White*, the Vuitton Luggage Company⁷ brought a trademark infringement action against various Philadelphia street vendors for allegedly selling counterfeit Vuitton luggage.⁸ Specifically, Vuitton sought an *ex parte* temporary restraining order⁹ (TRO) and an *ex parte* seizure order.¹⁰ This action was similar to countless others initiated by Vuitton in the past.¹¹

The United States District Court for the Eastern District of Pennsylvania partially granted Vuitton's motion for a temporary restraining order, but denied the *ex parte* seizure request.¹² Vuitton then reapplied for an *ex parte* seizure order seeking to stem the increasing sales of counterfeit Vuitton luggage.¹³ Once again, the district court denied the application for the *ex parte* seizure order,¹⁴ noting that Vuitton's application failed to meet one necessary requirement for a court to grant an *ex parte* seizure order.¹⁵ The district court ruled that Vuitton had

7. Louis Vuitton, Co. is a well known company that manufactures high quality luggage, handbags, and similar items. For over 50 years the company has advertised and distributed its merchandise throughout the United States. Vuitton holds trademarks on both its name and its logo. *Vuitton*, 945 F.2d at 570.

8. *Id.*

9. *Id.* A temporary restraining order is defined as "[a]n emergency remedy of brief duration which may issue only in exceptional circumstances and only until the trial court can hear arguments or evidence, as the circumstances require, on the subject matter of the controversy and otherwise determine what relief is appropriate." BLACK'S LAW DICTIONARY 1464 (6th ed. 1990).

10. *Vuitton*, 945 F.2d at 570.

11. Vuitton claims to have initiated over a thousand cases for counterfeiting and similar violations over the last fifteen years. *Id.* The law firm handling the *Vuitton* case itself has represented Vuitton on many other occasions. See *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, 677 F. Supp. 740, 759 (S.D.N.Y. 1988), *aff'd in part and rev'd in part*, 877 F.2d 1120 (2d Cir. 1989).

12. *Vuitton*, 945 F.2d at 570. The issuance of the TRO, however, was minimally effective as Vuitton observed that the initial slowdown of counterfeit violations soon returned to the pre-TRO levels. *Id.*

13. *Id.*

14. *Id.*

15. *Id.* Under the 1984 Trademark Counterfeiting Act, the following criteria need to be met before a court can grant an *ex parte* seizure order:

- (i) an order other than an *ex parte* seizure order is not adequate to achieve the purposes of section 1114 of this title;
- (ii) the applicant has not publicized the requested seizure;
- (iii) the applicant is likely to succeed in showing that the person against whom seizure would be ordered used a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services;
- (iv) an immediate and irreparable injury will occur if such seizure is not ordered;
- (v) the matter to be seized will be located at the place identified in the application;
- (vi) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application; and

failed to prove that "the entry of any order will not serve to adequately achieve the objective underlying the Trademark Counterfeiting Act of 1984."¹⁶ Vuitton then filed an appeal in the United States Court of Appeals for the Third Circuit.¹⁷

In its decision, the appellate court reached two conclusions. The court first concluded that it had jurisdiction over Vuitton's appeal,¹⁸ and second, that the district court erred in refusing to grant Vuitton's request for an *ex parte* seizure order.¹⁹

B. The Appellate Court's Analysis

1. Appellate Jurisdiction

To establish its jurisdiction²⁰ over the *ex parte* seizure order, the court of appeals sought to demonstrate that a seizure order was a type of injunction.²¹ The court accomplished this objective by reading both 28 U.S.C. § 1292(a)(1)²² and 15 U.S.C. § 1116(a)²³ together.²⁴

Section 1292 grants federal appellate courts jurisdiction over injunctions.²⁵ Under section 1116 of the Trademark Counterfeiting Act

(vii) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person.

15 U.S.C. § 1116(d)(4)(B) (1988).

16. *Vuitton*, 945 F.2d at 571. The court determined that Vuitton had failed to meet § 1116(d)(4)(B)(i) of the Act. *Id.*

17. *Id.*

18. *Id.* at 571-74.

19. *Id.* at 571-76.

20. After filing for appeal, Vuitton notified the defendants of its intention to initiate litigation against them. *Id.* at 571. This being the case, the *ex parte* element of the seizure order was no longer possible. *Id.* at 571 n.1. The court, however, determined that the appeal was not moot because "while this case might otherwise be moot, it falls within the exception to the mootness doctrine for cases 'capable of repetition, yet evading review.'" *Id.* (quoting *Weinstein v. Bradford*, 423 U.S. 147, 149 (1975)). Indeed, given the increasing number of seizure orders sought today, it is highly likely that this issue will arise again. *See infra* note 63 (detailing the cases involving a request for an *ex parte* seizure order).

21. *Vuitton*, 945 F.2d at 572.

22. 28 U.S.C. § 1292(a)(1) (1988).

23. 15 U.S.C. § 1116(a) (1988).

24. *Vuitton*, 945 F.2d at 572. An *ex parte* decision may be directly appealable where a statute, reasonably construed, gives a right of appeal. *Ex parte Tail*, 14 N.W.2d 840, 843 (Neb. 1944).

25. 28 U.S.C. § 1292(a)(1) (1988). The reasoning behind the statute is clear: preliminary injunctions, when issued, do not have expiration dates. As such, appellate courts are willing to hear injunctive appeals because, without a timely hearing, the injunction may remain in effect indefinitely. *American Oil Co. v. McMullin*, 433 F.2d 1091, 1096 (10th Cir. 1970). The appealability of an injunctive order is well supported by case law. *See Dilworth v. Riner*, 343 F.2d 226, 229 (5th Cir. 1965); *Parker v. Columbia Broadcasting System, Inc.*, 320 F.2d 937, 938 (2d Cir. 1963); *Wineburgh v. Meyer*, 221 F.2d 543, 543-44 (D.C. Cir. 1955); *Willis v. Town*, 182 F.2d 892 (8th Cir. 1950); *Cone v. Rorick*, 112 F.2d 894, 896 (5th Cir. 1940).

of 1984, entitled "Injunctive Relief," subsection (d) allows a court to grant *ex parte* seizure orders pursuant to subsection (a). Subsection (a) in turn states that the courts "shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable. . . ." ²⁶ Based upon this reading of section 1116, the court concluded that Congress intended a section 1116(d) seizure order to be classified as a form of injunctive relief. ²⁷ Consequently, the court of appeals determined that it had jurisdiction over the denial of the *ex parte* seizure order under section 1292. ²⁸

While the court could have concluded its jurisdictional inquiry at this point, its rationale continued. The court intimated that temporary restraining orders, like seizure orders, were also a form of injunctive relief. TROs, however, were not entitled to immediate appellate jurisdiction. ²⁹ As such, the court conceded that, in order to make its prior conclusion valid, it must demonstrate that seizure orders are more like preliminary injunctions, which are immediately appealable, rather than temporary restraining orders, which are not immediately appealable. ³⁰

To reconcile the contradiction between preliminary injunctions and TROs, the court distinguished between a denial of an *ex parte* seizure request and a grant of an *ex parte* seizure request. ³¹ The court observed that a *grant* of a seizure request, like a grant of a temporary restraining order, is not immediately appealable because, in both instances, a hearing immediately follows. ³² Unlike the denial of a TRO, however, which is not immediately appealable due to an immediate hearing, a *denial* of a seizure request is immediately appealable be-

26. 15 U.S.C. § 1116(a) (1988); see also *Vuitton*, 945 F.2d at 572.

27. *Id.*

28. *Id.* In order to support this conclusion, the court also examined the legislative history of the Trademark Counterfeiting Act. *Id.* at 572-73. The court noted that in the legislative history of the Act Congress indicated that the procedures governing the issuance of *ex parte* seizure orders were derived from Rule 65 of the Federal Rules of Civil Procedure. *Id.* Based on the fact that Rule 65 sets forth the criteria for the issuance of an injunction, the court determined that Congress intended seizure orders to be treated as injunctions. *Id.* at 573.

29. *Id.* Unlike the issuance of a preliminary injunction which has no set timetable, temporary restraining orders are usually in effect for a short period of time (usually ten days) before a hearing is held. *Id.* As one court stated: "[temporary restraining orders] are usually effective for only very brief periods of time, far less than the time required for an appeal. . . ." *Connell v. Dulien Steel Prods.*, 240 F.2d 414, 418 (5th Cir. 1957). Most courts unanimously hold that a grant or denial of a TRO is not immediately appealable. See *United States v. Crusco*, 464 F.2d 1060, 1062 (3d Cir. 1972); *New York Telephone Co. v. Communications Workers of Am.*, 445 F.2d 39, 46 (2d Cir. 1971); *Smith v. Jackson State College*, 441 F.2d 278 (5th Cir. 1971). *But see* *Alloyd Gen. Corp. v. Building Leasing Corp.*, 361 F.2d 359, 362-63 (1st Cir. 1966) (order dissolving temporary restraining order held appealable).

30. *Vuitton*, 945 F.2d at 573.

31. *Id.*

32. *Id.* An immediate hearing eliminates the need for an appeal because a hearing, where both sides are able to present their case, accomplishes the same purpose as an appeal.

cause no hearing is scheduled and the ruling is final.³³ This distinction thus allowed the court to grant appellate review of the seizure order denial. The court did not, however, end its jurisdictional inquiry.

The Third Circuit made one final jurisdictional inquiry before addressing the merits of the appeal.³⁴ The court observed that classifying an order as an injunction should not automatically qualify the order for an immediate appeal.³⁵ To merit immediate appealability, the court applied the two prong test set out in *Carson v. American Brands, Inc.*³⁶ Under *Carson*, in order for an injunction to be immediately appealable, the movant must demonstrate that the lower court's ruling might have "serious, perhaps irreparable consequence[s]" and that the lower court's ruling can only be "effectively challenged" by an immediate appeal.³⁷

The Third Circuit Court of Appeals held that the district court's denial of the *ex parte* seizure request in the *Vuitton* case satisfied both prongs of the *Carson* test.³⁸ First, the court found irreparable consequences because it was conceivable that the counterfeiters would dispose of the luggage upon learning of the pending legal proceedings thus destroying the evidence of their illegal conduct.³⁹ Second, the court determined that Vuitton had no other means of effectively challenging the denial. The court found that even if Vuitton did appeal the denial as part of the final judgment, the appeal would be useless. The court acknowledged that the incriminating merchandise necessary to convict the counterfeiters would "long since have disappeared."⁴⁰ Thus, the court exhaustively reviewed its jurisdiction by combining section 1292 with section 1116, distinguishing a seizure order from a TRO, and satisfying the *Carson* test of appealability. Ultimately, the court concluded that it had appellate jurisdiction.

Vuitton was a case of first impression.⁴¹ As a result, the court's holding on the first issue, the immediate appealability of a denial of an

33. *Id.* at 573-74. In reaching this conclusion, the court observed that section 1116(d) made no provision for a prompt review of a denial of an *ex parte* seizure request, nor did the district court indicate any intent to reconsider the ruling. *Id.*

34. *Id.* at 574.

35. *Id.*; see also *General Motors Corp. v. Gibson Chem. & Oil Corp.*, 786 F.2d 105, 108 (2d Cir. 1986) (court did not address the seizure order classification question because the court determined that the *Carson* test was not met); *Weight Watchers of Phila. v. Weight Watchers Int'l*, 455 F.2d 770, 774 (2d Cir. 1972) (classifying an order as a preliminary injunction does not automatically afford immediate appellate review).

36. 450 U.S. 79, 84 (1981).

37. *Id.* at 84.

38. *Vuitton*, 945 F.2d at 574.

39. *Id.*

40. *Id.*

41. *Id.* at 570.

ex parte seizure request, will have far reaching implications. The previous requirement of waiting until a final judgment before initiating an appeal often induced plaintiffs to abandon their appeals.⁴² The *Vuitton* holding, however, which allows an immediate appeal, encourages plaintiffs to pursue their appeals. Consequently, as more appeals are brought, the granting of *ex parte* seizure requests will likely increase.

2. The Merits of the Appeal

In *Vuitton*, the appeals court relied heavily on the district court's earlier findings in deciding the merits of the appeal.⁴³ The appeals court's review centered on what it believed was a flawed statutory reading by the district court. Specifically, the appeals court faulted the district court's conclusions in three areas: (1) that an alternative remedy to a seizure order existed;⁴⁴ (2) that *Vuitton* would not suffer irreparable injury;⁴⁵ and (3) that United States marshals could not be expected to enforce the *ex parte* seizure orders.⁴⁶

The appeals court used the legislative history of the Trademark Counterfeiting Act⁴⁷ to demonstrate that the district court erred in holding that an alternative remedy existed.⁴⁸ The Act's history indicated that the purpose of the *ex parte* seizure order was to thwart the counterfeiters' practice of destroying or transferring the counterfeit merchandise when an action was pending.⁴⁹ The appeals court then pointed out that the district court had made these identical findings when evaluating *Vuitton's* *ex parte* seizure order request.⁵⁰ Despite finding a situation meeting the criteria which the statute was designed to protect, the district court refused to grant the seizure request without indicating other effective remedies.⁵¹ The district court's paradoxical holding led the court of appeals to conclude that the district court had misinterpreted the statute.⁵²

42. *Id.* at 574. By the time the appeal is brought, the incriminating evidence is gone.

43. In examining the merits of an appeal, appellate courts look to see whether there has been: (1) an abuse of discretion; (2) an error of law; or (3) a clear mistake of fact. *Hoxworth v. Blinder, Robinson & Co.*, 903 F.2d 186, 198 (3d Cir. 1990).

44. *Vuitton*, 945 F.2d at 575.

45. *Id.* at 576.

46. *Id.*

47. See *infra* notes 64-78 and accompanying text for a discussion of the background of the Act.

48. *Vuitton*, 945 F.2d at 575.

49. *Id.*; see also 130 CONG. REC. 12,080 (1984).

50. *Vuitton*, 945 F.2d at 575. "The district court found both that *Vuitton* was likely to succeed in showing that defendants were using a counterfeit mark and that [the] defendants were likely to destroy or hide the evidence if given notice of the proceedings." *Id.*

51. *Id.*

52. *Id.*

The court of appeals also held that the district court erred in concluding that Vuitton would not suffer irreparable injury in the absence of the seizure request.⁵³ Once again, the court relied upon the legislative history of the Act⁵⁴ — this time to ascertain what constituted irreparable injury.⁵⁵ The court noted that a finding of irreparable injury was not ordinarily a difficult showing in a counterfeit case and indicated that potential damage to reputation and a likelihood of confusion usually sufficed.⁵⁶ The court indicated that the counterfeiters' sale of bogus luggage would damage Vuitton's reputation and that the similarities between the genuine and nongenuine luggage would confuse unsuspecting consumers.⁵⁷ Thus, the court of appeals ruled that the district court erred in failing to find irreparable harm.

Finally, the court of appeals faulted the district court's reluctance to employ United States marshals.⁵⁸ Relying on the express command of the statute,⁵⁹ the court of appeals indicated that Congress intended United States marshals to carry out the *ex parte* seizure orders.⁶⁰ The appeals court concluded by stating that "[i]n the face of the clear congressional intent, the district court's reluctance to employ the U.S. marshals to make the requested seizures was inappropriate."⁶¹ The court remanded the case to the district court for an immediate hearing on the validity of the seizure order pursuant to section 1116(d)(10)(A) of the Act.⁶²

Both the jurisdictional and the *ex parte* seizure order issues in the *Vuitton* case were decided in favor of the plaintiff, Vuitton Inc. By allowing appellate review, the court granted Vuitton an opportunity to make a second argument for a seizure. This opportunity proved beneficial for Vuitton as the court of appeals ruled that the situation merited an *ex parte* seizure order.

53. *Id.* at 576.

54. The court cited the legislative history of the Act throughout its opinion. *See supra* note 28 (determining jurisdiction); *see also infra* note 139 (discussing limitation of *ex parte* seizure orders).

55. *Vuitton*, 945 F.2d at 576.

56. *Id.*

57. *Id.*

58. *Id.* The marshals' purpose was to assist in seizing the counterfeit goods. *Id.*

59. The statute provides in relevant part: "[t]he court shall order that a United States Marshal or other law enforcement officer is to serve a copy of the order under this subsection and then is to carry out the seizure under such order." 15 U.S.C. § 1116(d)(9) (1988).

60. *Vuitton*, 945 F.2d at 576.

61. *Id.*

62. Section 1116(d)(10)(A) provides for a hearing to determine if the issuance of a seizure order was proper. The burden of proof is on the party seeking to obtain the order. 15 U.S.C. § 1116(d)(10)(A) (1988).

The *Vuitton* case serves as another link in the chain of *ex parte* seizure grants in trademark litigation. In the years leading up to the passage of the Trademark Counterfeiting Act, and since then, courts have routinely granted requests for *ex parte* seizure orders in trademark infringement cases.⁶³ The *Vuitton* case, with its grant of appellate jurisdiction and subsequent approval of a seizure order, follows this trend.

III. BACKGROUND

A. History of the Trademark Counterfeiting Act of 1984

Trademark violations (commonly referred to as counterfeiting) affect many areas of the United States economy.⁶⁴ At their height in the early 1980's, counterfeiting activities led to business losses of approximately twenty billion dollars per year.⁶⁵ In fact, one court character-

63. See *General Elec. Co. v. Speicher*, 877 F.2d 531 (7th Cir. 1988); *Major League Baseball Promotion Corp. v. Colour Tex, Inc.*, 729 F. Supp. 1035 (D.N.J. 1990); *Reebok Int'l, Ltd. v. Marantech Enter., Inc.*, No. 89-1361, 1990 U.S. Dist. LEXIS 13000 (S.D. Cal. Jan. 12, 1990), *aff'd*, 1992 U.S. App. LEXIS 15087 (9th Cir. July 2, 1992); *Van Doren Rubber Co., Inc. v. Marantech Enter., Inc.*, No. 89-1362, 1989 U.S. Dist. LEXIS 17323 (S.D. Cal. Oct. 17, 1989); *Louis Vuitton S.A. v. Downtown Luggage Center*, 706 F. Supp. 839 (S.D. Fla. 1988); *Warner Bros. Inc. v. Dae Rim Trading, Inc.*, 677 F. Supp. 740 (S.D.N.Y. 1988), *aff'd in part and rev'd in part*, 877 F.2d 1120 (2d Cir. 1989); *Fendi S.A.S. DiPaola v. Cosmetic World, Ltd.*, 642 F. Supp. 1143 (S.D.N.Y. 1986); *Fimab-Finanziaria Maglificio Biellese Fratelli Fila S.P.A. v. Kitchen*, 548 F. Supp. 248 (S.D. Fla. 1982); *Playboy Enter. v. P.K. Sorren Export Co.*, 546 F. Supp. 987 (S.D. Fla. 1982); *Joel v. Various John Does*, 499 F. Supp. 791 (E.D. Wis. 1980); see also J. Joseph Bainton, *Seizure Orders: An Innovative Judicial Response to the Realities of Trademark Counterfeiting*, 73 TRADEMARK REP. 459, 463 n.11 (1983). One court noted: "The weight of authority around the country appears to favor the granting of an *ex parte* seizure order in trademark counterfeiting cases, where fake versions of well known brands are deliberately passed off to the public as the genuine article." *Kitchen*, 548 F. Supp. at 249.

64. Trademark counterfeiting impacts two notable areas of the economy - luxury goods and goods that affect the health and well being of the consumer. Jed S. Rakoff and Ira B. Wolff, *Commercial Counterfeiting: The Inadequacy of Existing Remedies*, 73 TRADEMARK REP. 493, 500-501 (1983). Under luxury goods, counterfeit merchandise takes the form of fake Cartier watches, Johnnie Walker Whiskey, Levi's jeans, Eveready batteries, Vuitton luggage, and countless other well known items. These counterfeit goods lead unknowing consumers to pay quality brand name prices for goods which are manufactured with inferior materials and which carry with them no enforceable warranties. *Id.*

Perhaps more alarming, however, is the counterfeiting of goods which effect the health and well being of the consumer. These include items such as drugs, fertilizers, chemicals, computer components, automobile parts and aircraft parts. *Id.* at 501. For example, counterfeit brake parts found in automobiles have contributed to accidents resulting in fatalities; heart pumps used in maintaining a patient's heart beat during open heart surgery have been found to contain counterfeit components which could render the device inoperable during surgery; counterfeit aircraft fire detection devices have been discovered in many airplanes which when tested were found to be below Federal Aviation Administration standards; look alike narcotics have been traced to the deaths of twelve people. *Id.* at 501-02.

65. Brian J. Kearney, *The Trademark Counterfeiting Act of 1984: A Sensible Legislative Response to the Ills of Commercial Counterfeiting*, 14 FORDHAM URB. L.J. 115, 119 (1985-86);

ized the counterfeiting problem as an "epidemic."⁶⁶ The inadequate penalties imposed upon counterfeiters contributed to much of the abuse.⁶⁷ Analyzed from a cost/benefit approach, the profitable benefits of counterfeiting far outweighed the penalties.⁶⁸ As such, counterfeiters had little reason to limit their activities.

In an effort to decrease counterfeiting, many interested parties lobbied in Congress for stiffer penalties.⁶⁹ After two years of debates and redrafting,⁷⁰ Congress enacted the Trademark Counterfeiting Act of 1984.⁷¹ Provisions authorizing penal sanctions and *ex parte* seizure orders were the Act's most controversial sections.⁷²

The *ex parte* seizure orders facilitated prosecution of alleged counterfeiters.⁷³ Prior to the Act, counterfeiters, when put on notice of a

see also *U.S. Firm's Suffering Large Economic Losses Due to Counterfeiting*, BNA DAILY REPORT FOR EXECUTIVES, Aug. 2, 1983.

66. *Montres Rolex S.A. v. Snyder*, 718 F.2d 524, 528 (2d Cir. 1983), *cert. denied*, 104 S. Ct. 1594 (1984).

67. See Kearney, *supra* note 65, at 120. Prior to 1984, the majority of trademark counterfeiting claims were brought under the Lanham Act of 1946. Trade Mark Act of 1946, July 5, 1946, 15 U.S.C. § 1501 (1982). Claims brought under the Lanham Act prior to 1984 were typically lax because of the Act's lack of criminal sanctions and nominal plaintiff awards. See Kearney, *supra* note 65, at 120.

68. See *supra* note 67 (lax penalties contributed to widespread abuse).

69. Hearings on the Act included testimony from: the New York City Department of Consumer Affairs; the Senior Vice President of Levi Strauss; the International Anti-Counterfeiting Coalition; the United States Trademark Association; attorneys for K-Mart Corporation; and numerous attorneys working for law firms specializing in trademark law. S. REP. NO. 94-526, 98th Cong., 2d Sess. 1, 9 (1984).

70. See generally David R. Haarz et al., *The Proposed Trademark Counterfeiting Act of 1983 and Views Thereof by a Non-believer, Agnostic and Apostle*, 73 TRADEMARK REP. 536 (1983).

71. 18 U.S.C. § 2320 (1988). The Trademark Counterfeiting Act also amends the Lanham Act. 15 U.S.C. § 1116 (1988).

72. The relevant portions of the Act are as follows:

(a) Whoever intentionally traffics or attempts to traffic in goods or services and knowingly uses a counterfeit mark on or in connection with such goods or services shall, if an individual, be fined not more than \$250,000 or imprisoned not more than five years, or both, and, if a person other than an individual, be fined not more than \$1,000,000. In the case of an offense by a person under this section that occurs after that person is convicted of another offense under this section, the person convicted, if an individual, shall be fined not more than \$1,000,000, or imprisoned not more than fifteen years, or both, and if other than an individual, shall be fined not more than \$5,000,000. 18 U.S.C. § 2320 (1988).

(1)(A) In the case of a civil action arising under section 1114(1)(a) of this title or section 380 of Title 36 with respect to a violation that consists of using a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services, the court may, upon *ex parte* application, grant an order under subsection (a) of this section pursuant to this subsection providing for the seizure of goods and counterfeit marks involved in such violation and the means of making such marks, and records documenting the manufacture, sale, or receipt of things involved in such violation.

15 U.S.C. § 1116(d)(1)(A) (1988).

73. *Vuitton v. White*, 945 F.2d 569, 574 (3d Cir. 1991).

impending legal action, typically disposed of their goods either by destroying them or by selling them to other counterfeiters.⁷⁴ The destruction of these goods eliminated the plaintiff's evidence, thus thwarting their efforts at prosecuting counterfeiters.⁷⁵ As designed, *ex parte* seizure orders allow the prosecution to obtain the evidence before counterfeiters have an opportunity to dispose of the counterfeit goods.⁷⁶ This approach makes seizure orders an effective means of combatting counterfeiting abuses.⁷⁷ As a result, plaintiffs' attorneys often request *ex parte* seizure orders in trademark counterfeit litigation.⁷⁸

B. *The Evolution of the Ex Parte Seizure Order*

The nature of an *ex parte* seizure order, whether it be for counterfeit goods or otherwise, evokes a certain amount of concern among courts.⁷⁹ Courts are often reluctant to grant *ex parte* seizure orders because they implicate certain constitutional issues, most notably an individual's Fourteenth Amendment right to due process.⁸⁰

The Fourteenth Amendment provides: "[N]o state . . . shall deprive any person of life, liberty, or property without due process of law"⁸¹ Due process requires that before an individual is deprived of a

74. A seasoned trademark attorney has noted:

Experience in hundreds of cases has shown that it is extremely likely that a counterfeiter, upon being apprised of the institution of a lawsuit by the trademark owner, will conceal his infringing merchandise and either destroy or conceal all records relating to this merchandise, thereby frustrating implementation of the trademark owner's statutory and common law rights. Thus, the seizure and impoundment of (a) an infringer's infringing merchandise, and (b) all records relating to this merchandise, serves to preserve the trademark owner's rights and permit it, through accelerated discovery, to assess the extent to which the infringer has infringed.

J. Joseph Bainton, *Seizure Orders: An Innovative Judicial Response to the Realities of Trademark Counterfeiting*, 73 TRADEMARK REP 459, 464 (1983); see also *Fimab-Finanziaria Maglificio Biellese Fratelli Fila v. Kitchen*, 548 F. Supp. 248, 250 (S.D. Fla. 1982) (" 'dumping' of counterfeit goods or transfer of counterfeit goods to unknown third parties . . . is a common practice in the counterfeiting industry").

75. *Vuitton*, 945 F.2d at 574 (counterfeiters' practice of eliminating merchandise).

76. *Id.*

77. See Bainton, *supra* note 74, at 475.

78. See *supra* note 63 (discussing cases where plaintiffs' attorneys requested *ex parte* seizure orders).

79. The legislative history of the 1984 Act reveals "[t]he Committee recognize[d] that, *ex parte* seizure orders are an extraordinary remedy, which must be used sparingly and only as needed." S. REP. NO. 98-526, 98th Cong., 2d Sess. 1, 15 (1984). In general, "[e]x parte proceedings . . . have never been favored by the law." James Daniel Cornette, Note, *Temporary Restraining Orders*, 40 KY. L.J. 98, 98 (1951-1952).

80. As will be discussed *infra* notes 159-80, *ex parte* seizure orders may also clash with Fourth Amendment search and seizure provisions.

81. U.S. CONST. amend. XIV, § 1.

property interest, he or she must be given notice⁸² and an opportunity to be heard.⁸³ Because *ex parte* seizure orders involve a deprivation of property interests without prior notice and an opportunity to be heard,⁸⁴ courts carefully scrutinize these orders.⁸⁵ Historically, the Supreme Court strictly construed the due process clause and denied such orders. Eventually, however, the Court began to read the clause more broadly.⁸⁶ This broad reading facilitated an increased issuance of *ex parte* seizure orders and the eventual passage of the 1984 Act. The progression of these decisions is vital to an understanding of the present day approach to *ex parte* seizure orders.⁸⁷

1. *Sniadach v. Family Financing Corp.*

*Sniadach v. Family Financing Corp.*⁸⁸ involved a constitutional challenge to a Wisconsin statute authorizing the *ex parte* seizure of a person's wages in the event that the individual failed to make payments when due.⁸⁹ In an eight to one decision, the Supreme Court held that the statute was an unconstitutional violation of the Fourteenth Amendment's Due Process Clause.⁹⁰ The Court reasoned that wages were a property interest which could not be seized without prior notice and an opportunity to be heard.⁹¹ The Court further stated that such a statute would only pass constitutional muster if the situation it sought to remedy was extraordinary.⁹² The Court indicated that *Sniadach* did not present such an extraordinary situation.⁹³

82. *Wolff v. McDonnell*, 418 U.S. 539, 557-58 (1974); *Joint Anti-Fascist Refugee Comm. v. McGrath*, 341 U.S. 123, 168 (1951) (Frankfurter, J., concurring); *McVeigh v. United States*, 78 U.S. 259, 267 (1870).

83. *Memphis Light, Gas & Water Div. v. Craft*, 436 U.S. 1, 20 (1978); *Flagg Bros., Inc. v. Brooks*, 436 U.S. 149, 156 (1978); *Carey v. Sugar*, 425 U.S. 73, 77 (1976).

84. *See supra* note 4 (definition of *ex parte*).

85. *See infra* notes 88-99 and accompanying text.

86. *See infra* notes 100-15 and accompanying text.

87. This article does not purport to discuss in detail all of the earlier cases addressing the *ex parte* seizure order question. For a broader discussion see Nathan R. Niemuth, Note, *Constitutional Law - Prejudgment Garnishment*, 1975 Wis. L. REV. 860 (1975).

88. 395 U.S. 337 (1969).

89. *Id.* at 338.

90. *Id.* at 342.

91. *Id.* at 340.

92. *Id.* at 339.

93. *Id.*; *see also* *Laprease v. Raymours Furniture Co.*, 315 F. Supp. 716, 722 (N.D.N.Y. 1970) (court holding a New York statute permitting prehearing seizure in a replevin action an unconstitutional violation of due process).

2. Fuentes v. Shevin

*Fuentes v. Shevin*⁹⁴ also involved a constitutional challenge to a statute. Both Pennsylvania and Florida had statutes allowing for the *ex parte* seizure of conditional sale goods upon nonpayment.⁹⁵ Unlike the statute in *Sniadach*, however, the Pennsylvania and Florida statutes at issue in *Fuentes* contained provisions requiring a bond payment from the plaintiff before the goods could be seized.⁹⁶ Despite this provision, the Supreme Court held that the statutes were unconstitutional because they did not provide for notice and an opportunity to be heard prior to the seizure.⁹⁷ The Court reiterated its reasoning in *Sniadach* noting that because the goods were a property interest, they could not be seized *ex parte* unless an important state interest existed. The Court found no such interest.⁹⁸ The Court then dismissed the bond provision safeguard as inadequate, noting that it was insufficient to justify dispensing with notice and an opportunity to be heard.⁹⁹

3. Mitchell v. W.T. Grant Co.

*Mitchell v. W.T. Grant Co.*¹⁰⁰ involved a constitutional challenge to a Louisiana civil procedure statute¹⁰¹ allowing the *ex parte* sequestration¹⁰² of property when a debtor defaulted on a loan.¹⁰³ The challenge arose when a creditor sequestered a debtor's property after petitioning for, and receiving, a writ of seizure from the trial court.¹⁰⁴ The

94. 407 U.S. 67 (1972).

95. *Id.* at 69.

96. *Id.* at 73, 76.

97. *Id.* at 67-68.

98. *Id.* at 92.

99. *Id.* at 83-84. Many courts subsequently adopted the reasoning in *Fuentes*. See, e.g., *Gibbs v. Titleman*, 369 F. Supp. 38 (E.D. Pa. 1973) (Pennsylvania statute providing for repossession of motor vehicles pursuant to conditional sales contract without notice and an opportunity to be heard held unconstitutional as a violation of due process rights); *Gunter v. Merchants Warren National Bank*, 360 F. Supp. 1085 (S.D. Me. 1973) (Maine statute allowing prejudgment attachment of real estate holdings deemed unconstitutional); *Pearson Yacht Leasing Co. v. Massa*, 363 F. Supp. 1337 (D.P.R. 1973) (state statute allowing seizure of property without notice and an opportunity to be heard held unconstitutional); *Schneider v. Margossian*, 349 F. Supp. 741 (D. Mass. 1972) (Massachusetts statute permitting the attachment of wages without notice and an opportunity to be heard held unconstitutional); *Shaffer v. Holbrook*, 346 F. Supp. 762 (S.D. W.Va. 1972) (West Virginia statute permitting landlord to sell property in event of unpaid rent without notice and an opportunity to be heard held unconstitutional as a violation of due process rights).

100. 416 U.S. 600 (1973).

101. The statute in question was LA. CODE CIV. PROC. ANN. art. 2373 (West 1961).

102. Sequestration is defined as "the process by which property or funds are attached pending the outcome of litigation." BLACK'S LAW DICTIONARY 1366 (6th ed. 1990).

103. *Mitchell*, 416 U.S. at 601.

104. *Id.* at 602.

challengers claimed that the seizure was illegal because the statute authorizing the seizure order violated the Due Process Clause.¹⁰⁵

The Court disagreed and subsequently held that the Louisiana statute did not violate the Due Process Clause.¹⁰⁶ In so holding, the Court set forth a standard for determining the constitutionality of *ex parte*-like statutes: when the statute protects a valid state interest and provides adequate safeguards, it is constitutional.¹⁰⁷ Louisiana's interest in protecting the rights of creditors and the statute's stringent safeguards¹⁰⁸ met this standard.¹⁰⁹

In *Mitchell*, the Court distinguished its earlier holding in *Fuentes*.¹¹⁰ The Court explained that the statute in *Mitchell* passed constitutional muster because it contained safeguards that the statutes in *Fuentes* did not.¹¹¹ These safeguards included: (1) a high burden on the movant to provide specific facts indicating the necessity of the order;¹¹² (2) judicial control over the process from beginning to end, including a formal petition to a judge for the order and a judicial authorization;¹¹³ and (3) a provision authorizing damages in cases of wrongful seizure.¹¹⁴ The *Mitchell* Court's rejection of a constitutional challenge to an *ex parte* seizure order provided the impetus for *ex parte* orders in

105. *Id.*

106. *Id.* at 607.

107. *Id.* at 618-19.

108. *Id.* Many of these safeguards are similar to the ones that were eventually incorporated into the Act; see *infra* notes 140-43 and accompanying text.

109. *Mitchell*, 416 U.S. at 608. For cases endorsing the ruling set forth in *Mitchell*, see *Bryant v. Jefferson Federal Savings and Loan Ass'n*, 509 F.2d 511 (D.C. Cir. 1974) (D.C. statutes governing extrajudicial mortgage foreclosure procedures do not on their face violate the due process clause of the Fifth Amendment); *McCahey v. L.P. Investors*, 593 F. Supp. 319 (E.D.N.Y. 1984) (New York statute which allowed for garnishment of one's bank account in satisfaction of debt held constitutional); *In re The Oronoka*, 393 F. Supp. 1311 (N.D. Me. 1975) (prejudgment lien on property that provided for hearing two days after attachment held constitutionally within the provisions of the Fourteenth Amendment).

Despite the *Mitchell* ruling, the Supreme Court subsequently reiterated its anti-*ex parte* seizure stance a year later in *Granny Goose Foods v. Teamsters*, 415 U.S. 423 (1974). *Granny Goose* follows the Court's rationale in both *Sniadach* and *Fuentes* in that it limits the application of an *ex parte* provision. *Id.* at 439. The issue in *Granny Goose* was whether an *ex parte* restraining order remained in effect after the case was removed to federal court. *Id.* at 423. The Court held that the order could only remain in effect for ten days and no longer. *Id.* at 442-44. A year after *Granny Goose*, the Supreme Court declared unconstitutional an *ex parte* garnishment statute that did not provide for wrongful seizure damages or an immediate hearing after the seizure of the wages. *North Georgia Finishing, Inc. v. DiChem, Inc.*, 419 U.S. 601 (1975).

110. *Mitchell*, 416 U.S. at 611-20; see *supra* notes 94-99 and accompanying text.

111. *Mitchell*, 416 U.S. at 611-20.

112. *Id.* at 616.

113. *Id.*

114. *Id.* at 617. Note that many of these provisions were subsequently incorporated into the Trademark Counterfeiting Act of 1984. See *infra* notes 140-43 and accompanying text.

trademark cases. This is illustrated by the case of *In re Vuitton et Fils S.A.*¹¹⁵

5. *In re Vuitton et Fils S.A.*

Vuitton et Fils involved the sale of counterfeit Vuitton merchandise¹¹⁶ by retailers in New York City.¹¹⁷ Disappointed with existing remedies,¹¹⁸ Vuitton believed an *ex parte* TRO¹¹⁹ would impede the counterfeiting activity.¹²⁰ The United States Court of Appeals for the Second Circuit, persuaded by Vuitton's explanation of the counterfeiter's network and the likelihood of the disposal of the evidence,¹²¹ granted the *ex parte* TRO.¹²² The initial success of the *ex parte* TRO began to wane, however, as counterfeit retailers began to ignore the orders.¹²³

In response to counterfeiter noncompliance with TROs, many courts,¹²⁴ relying on the precedent in *Vuitton et Fils*, began issuing *ex parte* seizure orders.¹²⁵ Other courts, however, recognized the severity and danger of an *ex parte* seizure order,¹²⁶ and refused to follow this trend.¹²⁷ Recognizing the growth and sophistication of the counterfeiting industry,¹²⁸ Congress reacted by passing the Trademark Counterfeiting Act of 1984.¹²⁹ This Act provides for the granting of *ex parte* seizure orders.¹³⁰ As codified, the Act gives courts the right to issue *ex*

115. 606 F.2d 1 (2d Cir. 1979).

116. See *supra* note 7 (description of Vuitton's line of products).

117. *Vuitton et Fils*, 606 F.2d at 1.

118. See *supra* note 67 (explanation of the inadequacies of the remedies in the Lanham Act).

119. Issuance of a TRO is governed by Rule 65 of the Federal Rules of Civil Procedure. Rule 65 permits the issuance of an *ex parte* TRO when (1) the failure to issue it would result in "immediate and irreparable injury, loss, or damage" and (2) the applicant sufficiently demonstrates the reason that notice "should not be required." FED. R. CIV. P. 65(b).

120. *Vuitton et Fils*, 606 F.2d at 2.

121. See *supra* note 74 (explanation of the counterfeiter's practice of disposing of merchandise when learning of impending litigation).

122. *Vuitton et Fils*, 606 F.2d at 4.

123. *Vuitton v. White*, 945 F.2d 569, 571-72 (3d Cir. 1991).

124. See *supra* note 63 (listing of cases that granted *ex parte* seizure orders).

125. *Vuitton*, 945 F.2d at 572.

126. The danger entails impropvidently granting a seizure order thereby leading to an unlawful seizure of goods. See *infra* notes 144-80 and accompanying text for a detailed discussion of this problem.

127. *Vuitton*, 945 F.2d at 572; see also *National Football League Properties, Inc. v. Coniglio*, 554 F. Supp. 1224 (D.D.C. 1983), discussed *infra* notes 158-65 and accompanying text.

128. *Vuitton*, 945 F.2d at 572.

129. See *supra* note 72 for an explanation of relevant portions of the Act.

130. See *supra* note 72 for an explanation of relevant portions of the Act.

parte orders.¹³¹ There exists a danger, however, that the grant of such a right may cause courts to overlook the severity of the provision.

IV. ANALYSIS

The continued issuance of *ex parte* seizure orders will result in more harm than good. The *Vuitton* court's appellate review and subsequent issuance of the *ex parte* seizure order is one example of courts routinely granting such *ex parte* seizure order requests.¹³² Indeed, Congress' codification of the *ex parte* seizure order led many courts to fall into the practice of rubber stamping requests for *ex parte* seizure orders.¹³³ This practice resulted in a number of improvident and overreaching orders.¹³⁴

This section examines the dangers that *ex parte* seizure orders, like the one granted by the Third Circuit in *Vuitton*, pose in the area of trademark counterfeiting litigation. It begins by discussing the circumstances surrounding improvidently granted seizure orders. This section then continues by investigating the Fourth Amendment search and seizure problems that result from improvidently issued orders. Finally, this section concludes by exploring alternative, yet effective, methods in the fight against counterfeiting.

Ex parte orders, particularly seizure orders, raise substantial Fourth and Fourteenth Amendment issues.¹³⁵ Indeed, even supporters of the seizure orders acknowledge their potential for abuse.¹³⁶ This concern focuses on the realization that a judge, when deciding a request for an *ex parte* seizure order, is largely limited to the evidence put forth by the plaintiffs.¹³⁷ An *ex parte* request does not afford the judge

131. 15 U.S.C. § 1116(d)(1)(A) (1988).

132. See cases cited *supra* note 63.

133. See cases cited *supra* note 63.

134. See discussion *infra* notes 144-80 and accompanying text.

135. See *supra* notes 80-87 and accompanying text.

136. See Rakoff and Wolff, *supra* note 64, at 520 ("[the *ex parte* seizure order] is a positive development, but admittedly it stretches the Lanham Act to the limits and can thus be imposed only in exceptional circumstances"); see also Bainton *supra* note 74 at 468 ("[t]here are several practices that experience has shown are helpful for attorneys seeking any form of provisional relief, of which the seizure order is one of the most drastic").

137. See Kenneth Kandaras, *Due Process and Federal Property Forfeiture Statutes: The Need for Immediate Post-Seizure Hearing*, 34 Sw. L.J. 925, 933 (1980).

The seizure of property is based solely upon . . . the belief that the property is contraband. Consequently, the accuracy of the seizure process depends upon the accuracy of both the [plaintiff's] judgment and the facts supporting that judgment. Without an assessment of the information that the owner can provide, however, the [plaintiff's] judgment necessarily reflects only a limited view of the facts.

Id.; see also *Developments in the Law — Injunctions*, 78 HARV. L. REV. 994, 1060 (1965). "Moreover, because the *ex parte* procedure provides no guaranty of the truth of the facts upon which the order is based, it is subject to abuse." *Id.*

an opportunity to question the alleged counterfeiters for an explanation of their activities.¹³⁸ This precarious situation led Congress to implement various provisions to guard against fraudulent requests for *ex parte* orders.¹³⁹

Congress relied on the Rule 65(b)¹⁴⁰ requirements for the issuance of an *ex parte* TRO in establishing safeguards for the issuance of an *ex parte* seizure order.¹⁴¹ Before the *ex parte* order is issued, Rule 65(b) requires that the moving party demonstrate immediate/irreparable injury as well as sufficient reasons as to why no notice is necessary.¹⁴² In addition to these two criteria, Congress also mandated a showing that: (1) only an *ex parte* seizure order sufficed; (2) a likelihood of success in the counterfeit action existed; (3) the harm in denying the application outweighed the harm in issuing the order; and (4) a requirement of notice would lead to the destruction of the evidence, i.e., the counterfeit goods.¹⁴³ As written, the requirements present sufficient safeguards against wrongful and improvident seizures. These safeguards only work, however, if the courts follow them when deciding requests for *ex parte* seizure orders.

138. Obviously, allowing the judge to question the alleged counterfeiter before issuing the order defeats the purpose of the order.

139. Indeed, due to the harshness of the *ex parte* seizure order, many supporters of the Act felt it necessary to limit the availability of the seizure order to cases of blatant "Vuitton like" counterfeiting (i.e., street vendors). See Kearney, *supra* note 65, at 161; Rakoff, *supra* note 70, at 555. Congress echoed these sentiments in the legislative history of the Act: "[t]he Committee recognizes that *ex parte* seizure orders are an extraordinary remedy, which must be used sparingly and only as needed. The Committee does not intend that these orders be used against reputable businesses except under unusual circumstances" S. REP. NO. 98-526, 98th Cong., 2d Sess. 15 (1984). Courts have since ignored this intention, however, issuing seizure orders in instances arguably beyond the scope of the Act. See *General Elec. Co. v. Speicher*, 681 F. Supp. 1337 (N.D. Ind. 1988), *rev'd*, 877 F.2d 531 (7th Cir. 1989); *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, 677 F. Supp. 740 (S.D.N.Y. 1988), *aff'd in part and rev'd in part*, 877 F.2d 1120 (2d Cir. 1989). Even in instances of blatant counterfeiters (i.e., all the facts point to unquestionable guilt), a lack of due process is not entirely justified. As the Supreme Court stated in *Fuentes*: "[t]o one who protests against the taking of his property without due process of law, it is no answer to say that in his particular case due process of law would have led to the same result because he had no adequate defense upon the merits." *Fuentes v. Shevin*, 407 U.S. 67, 87 (1972) (quoting *Coe v. Armour Fertilizer Works*, 237 U.S. 413, 424 (1914)).

140. FED. R. CIV. P. 65(b).

141. S. REP. NO. 98-526, 98th Cong., 2d Sess. 16 (1984).

142. FED. R. CIV. P. 65(b).

143. 15 U.S.C. § 1116(d)(3)(B) (1988). For the full text of the requirements see *supra* note 15.

A. Improvidently Granted Seizure Orders

As the issuance of *ex parte* seizure orders increases,¹⁴⁴ the danger of courts overlooking the codified safeguards¹⁴⁵ when confronted with requests also increases. *Ex parte* seizure orders are improvidently granted when judges do not carefully examine the facts in the petition before them.¹⁴⁶ Sadly, some attorneys exploit the seizure order trend by filing exaggerated¹⁴⁷ *ex parte* seizure requests.¹⁴⁸ This practice is evidenced by the case of *General Electric Co. v. Speicher*.¹⁴⁹

General Electric involved a trademark infringement suit brought by General Electric Inc.¹⁵⁰ The claim alleged that the defendant, Robert Speicher, had illegally manufactured and sold counterfeit General Electric automobile transmission inserts.¹⁵¹ Upon request, the district court granted General Electric an *ex parte* seizure order.¹⁵² After the seizure took place, Speicher alleged that General Electric had engaged in a wrongful seizure.¹⁵³ Upon examining the initial request more carefully, the district court acknowledged that it had carelessly granted an

144. See *supra* note 63. It should also be noted that Congress never intended the issuance of *ex parte* seizure orders to become routine. The Act's legislative history noted: "[t]he Committee wishes to emphasize that it does not intend for *ex parte* seizures to be employed routinely or casually." S. REP. NO. 98-526, 98th Cong., 2d Sess. 8 (1984). Clearly, Congress was aware that routine issuances of *ex parte* seizure orders would eventually result in abuses.

145. See *supra* notes 140-43 and accompanying text.

146. See *infra* notes 150-58 and accompanying text.

147. The exaggeration entails manipulating facts to satisfy the safeguards necessary for the issuance of the orders. For example, attorneys may present evidence indicating that their clients will be irreparably damaged by a non-issuance of the order while in reality they may only suffer a minor inconvenience. For cases discussing this dilemma, see *infra* note 148.

148. See *American Can Co. v. Mansukhani*, 742 F.2d 314, 321 (7th Cir. 1984) (wrongful grant of an *ex parte* order); *Skierkewicz v. Gonzalez*, 711 F. Supp. 931, 933 (N.D. Ill. 1989) (judge indicated he would not have issued an *ex parte* seizure order in the absence of a false portrayal by the plaintiff's counsel); *Warner Bros., Inc. v. Dae Rim Trading Inc.*, 677 F. Supp. 740, 749 (S.D.N.Y. 1988), *aff'd in part and rev'd in part*, 877 F.2d 1120 (2d Cir. 1989) ("proposed orders should never have been submitted by counsel nor should they have been signed by a judge of this court"); see also *Bainton supra* note 74 at 470 n.31 ("[i]f, particularly on *ex parte* application, the attorney's representations to the judge are not objectively correct, his client will be in serious jeopardy at the hearing for the preliminary injunction. If the case is close, the attorney must never 'exaggerate' (lie) to the judge"). But see *ELSCO v. Motorola*, No. 88-4494, 1989 U.S. Dist. LEXIS 16475 (E.D. Pa. Sept. 20, 1989) (court rejected claim that the plaintiffs had improperly petitioned court for an *ex parte* seizure order).

149. 681 F. Supp. 1337 (N.D. Ind. 1988), *rev'd*, 877 F.2d 531 (7th Cir. 1989).

150. *Id.* at 1338.

151. *Id.*

152. *Id.*

153. *Id.* Specifically, Speicher claimed that General Electric had seized genuine General Electric parts not within the scope of the seizure order because the order had only authorized the seizure of counterfeit parts. *Id.* Furthermore, Speicher claimed that General Electric photographed merchandise that Speicher had in his place of business, a practice not authorized by the order. *Id.*

overreaching seizure order.¹⁵⁴ The court, while admitting its error,¹⁵⁵ indicated that General Electric's original request contained inaccuracies.¹⁵⁶ The court lamented: "[n]otwithstanding the same, the conduct of the Plaintiffs and their representatives was excessive on the basis of the full and mature record that the court now has that it did not have at the stages of earlier proceedings."¹⁵⁷ The reality of an improvidently granted seizure order is that once it is granted, the grantee is entitled to take full advantage of the order which the issuing court is committed to honor.¹⁵⁸

B. Wrongful Seizures and the Fourth Amendment

The broad seizure orders granted by the courts in the face of inaccurate petitions unavoidably result in Fourth Amendment violations.¹⁵⁹

154. *Id.* at 1342-43. The district court judge said: "One of the lessons for this court is to be more candidly careful in signing *ex parte* orders submitted by counsel during the early stages of these proceedings without a critical review thereof." *Id.* The orders were overreaching to the extent that the limited degree of Speicher's counterfeiting did not merit the overexpansive seizure orders granted by the court. *Id.* In particular, the orders allowed General Electric to seize goods that Speicher had not been accused of counterfeiting. *Id.*

155. The court found solace in the knowledge that other courts had likewise committed this type of error. Referring to *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, discussed *supra* note 148, the court remarked: "[i]t is sincerely hoped that district court judges will henceforth take heed of the lessons learned by the Speicher and Dae Rim courts and be very careful in considering plaintiffs' requests for Section 1116(d) seizures. These two cases are excellent examples of the dangers of such seizures." *Id.* at 1343 n.4.

156. Incidentally, of the courts that have addressed the attorney exaggeration dilemma, not one has sanctioned the attorneys. However, plaintiffs found guilty of wrongful seizure under § 1116(d)(11) of the Act will likely sue their attorneys in malpractice if the wrongful seizure stems from the attorney's fabricated petition. See *infra* notes 181-88 and accompanying text. In the alternative, it may be possible to hold an attorney liable for a wrongful seizure under § 1116(d)(11) of the Act. See also *Skierkewicz v. Gonzalez*, 711 F. Supp. 931, 934 (N.D. Ill. 1989). Difficulty may arise, however, in proving that the attorney was the actual applicant of the seizure order; see *Electronic Lab Supply Co. v. Cullen*, No. 88-4494, 1991 U.S. Dist. LEXIS 18353, at *13 (E.D. Pa. Dec. 30, 1991). "It is the opinion of this Court that the applicant does not include the attorney of the plaintiff. Applicant only refers to the plaintiff who is seeking the *ex parte* order." *Id.*

157. *General Elec.*, 681 F. Supp. at 1343.

158. Despite the district court judge's admission that he was to blame for the issuance of the overreaching seizure order and that General Electric's seizure was within the realm of that order, the judge inexplicably held that General Electric engaged in a wrongful seizure. *Id.* at 1340. This holding was subsequently reversed on appeal. See *General Electric Co. v. Speicher*, 877 F.2d 531 (7th Cir. 1989). In a scathing opinion, Judge Posner lambasted the district court judge for his contradiction-laden opinion. Judge Posner concluded his opinion by exclaiming "[w]e are baffled by [the district court judge's] interpretation of his order and his award of damages for its violation, as we are by much else in his opinion." *Id.* at 538.

159. The Fourth Amendment, designed to guard against illegal search and seizure states: The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated; and no Warrants shall issue but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

The Fourth Amendment is designed to prevent wrongful seizures.¹⁶⁰ The wrongful seizures stem from the plaintiffs' beliefs that once granted, a seizure order gives the plaintiffs full authority to seize anything.¹⁶¹

In the 1983 case of *National Football League Properties, Inc. v. Coniglio*,¹⁶² the court addressed this potential for abuse. In *Coniglio*, the National Football League (NFL) sought an order granting it the right to seize counterfeit NFL apparel being sold on the streets of Washington D.C.¹⁶³ The NFL made the request anticipating an outbreak of counterfeit NFL merchandise sales.¹⁶⁴ Despite the apparent validity of the request, the court denied the order reasoning that the potential for wrongful seizure was too great.¹⁶⁵ The court explained that:

Even on the surface, the order requested by plaintiff would appear to invite catastrophe. It promises a nightmare of jurisdictional flaws, deprivations of due process, and windfall litigation that could ensue for years to come. This is not even to mention the physical spectacle of the United States Marshal Service, which is already greatly overburdened in its work, in the company of paid thugs (euphemistically styled 'security representatives') roaming the streets of Washington to confiscate the merchandise of small businessmen and other licensed vendors who sell their wares in the open air. In short, the relief plaintiff seeks would open a

U.S. CONST. amend. IV. The Fourth Amendment applies in both criminal and civil matters. See *Marshall v. Barlow's, Inc.*, 436 U.S. 307, 312 (1978).

160. As written, the Trademark Counterfeiting Act of 1984 purposely does not define wrongful seizure. It was Congress' intention that the courts evaluate the claims of wrongful seizures on a case by case basis. S. REP. NO. 98-526, 98th Cong., 2d Sess. 16 (1984). The legislative history to the Act does, however, offer some guidelines: (1) the mere fact that a few legitimate items may have been seized does not render the entire seizure wrongful; (2) seizure will be wrongful if the applicant acted in bad faith in seeking it; and (3) a seizure must be considered wrongful if the matter seized is legitimate, noninfringing merchandise. *Id.*

161. The Supreme Court's interpretation of seizure is as follows: "A 'seizure' of property occurs when there is some meaningful interference with an individual's possessory interests in that property." *United States v. Jacobsen*, 466 U.S. 109, 113 (1984).

162. 554 F. Supp. 1224 (D.D.C. 1983).

163. *Id.* at 1225.

164. This increase stemmed from the Washington Redskins' appearance in the Super Bowl that year. *Id.* at 1226; see also Bainton, *supra* note 74, at 467.

165. *Coniglio*, 554 F. Supp. at 1226. The court expressed concern in the fact that the requested order did not contain the names of any of the alleged counterfeiters. *Id.* at 1225. Instead, the plaintiffs classified the counterfeiters as "John Does," indicating that they would obtain the identity of the counterfeiters when they seized the merchandise. *Id.* While the *Coniglio* court found this practice unacceptable, many other courts allow it for practical reasons. This is particularly common when plaintiffs seek to seize counterfeit souvenirs being peddled by unknown vendors at rock and roll concerts. See *Brockum Co., A Division of Krimson Corp. v. Blaylock*, 729 F. Supp. 438 (E.D. Pa. 1990); *Brockum Co., A Division of Krimson Corp. v. Various John Does*, 685 F. Supp. 476 (E.D. Pa. 1988); *Brockum Int'l, Inc. v. Various John Does*, 551 F. Supp. 1054 (E.D. Wis. 1982); *Joel v. Various John Does*, 499 F. Supp. 791 (E.D. Wis. 1980).

veritable Pandora's box of problems that this court cannot even begin to imagine now.¹⁶⁶

This warning has at times¹⁶⁷ been overlooked by both the courts and trademark plaintiffs, leading to wrongful seizures.¹⁶⁸ A good example of a Fourth Amendment wrongful seizure violation is found in *Warner Brothers, Inc. v. Dae Rim Trading, Inc.*¹⁶⁹

In *Dae Rim Trading*, Warner Brothers, a well known entertainment conglomerate,¹⁷⁰ sought an *ex parte* order permitting it to search for and seize counterfeit "Gremlin" merchandise from various trading shops in New York City.¹⁷¹ Warner Brothers developed and exclusively licensed the Gremlin merchandise based on the movie *Gremlins*.¹⁷²

The documents supporting the petition contained no specific facts relating to the retailers' counterfeit activities.¹⁷³ The only evidence remotely resembling counterfeit activity was the sale of six "Gremlin like" dolls to a Warner Brothers agent.¹⁷⁴ Warner Brothers later admitted that it had no evidence that these dolls were counterfeit.¹⁷⁵ Nonetheless, the presiding judge granted the order. The ensuing search turned up no counterfeit goods.¹⁷⁶

Upon review, the district court found the issuance of the order inappropriate, and classified the order as "harsh and drastic to an ex-

166. *Coniglio*, 554 F. Supp. at 1225.

167. There are, of course, instances in which courts have rejected plaintiffs' claims of wrongful seizures. See *Major League Baseball Promotion Corp. v. Colour-Tex, Inc.*, 729 F. Supp. 1035 (D.N.J. 1990); *Reebok Int'l, Ltd. v. Marnatech Enter., Inc.*, No. 89-1361, 1990 U.S. Dist. LEXIS 13000, (S.D. Cal. Jan. 11, 1990); *Reebok Int'l, Ltd. v. Su Youn Pak*, 683 F. Supp. 929 (S.D.N.Y. 1987); *Gucci v. Conrad*, Nos. C 86-20558 SW, C 86-20560 SW, 1987 U.S. Dist. LEXIS 14126, (N.D. Cal. Dec. 17, 1987).

168. For examples of findings of wrongful seizures in trademark counterfeiting litigation see *infra* discussion of *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, 677 F. Supp. 740 (S.D.N.Y. 1988), *aff'd in part and rev'd in part*, 877 F.2d 1120 (2d Cir. 1989); see also *Skierkewicz v. Gonzalez*, 711 F. Supp. 931 (N.D. Ill. 1989). *Speicher*, 681 F. Supp. 1337 (N.D. Ind. 1988), *rev'd* 877 F.2d 531 (7th Cir. 1989), while eventually reversed, also serves as a good illustration of the dangers involved when courts do not thoroughly evaluate requests for *ex parte* seizure orders.

169. 677 F. Supp. 740 (S.D.N.Y. 1988), *aff'd in part and rev'd in part*, 877 F.2d 1120 (2d Cir. 1989), 877 F.2d 1120 (2d Cir. 1989).

170. Warner Brothers, a subsidiary of Warner Communications, is involved in many areas of the entertainment industry. It produces and distributes motion pictures, licenses feature films for television, distributes television specials, and produces music. *Dae Rim Trading*, 677 F. Supp. at 746.

171. *Id.* at 747. These trading shops were owned and operated by newly arrived Korean immigrants. *Id.*

172. *Id.* Some of the alleged infringing merchandise included dolls, key chains, and stickers. *Id.*

173. *Id.* at 748. The Complaint only stated defendants "offered" them for sale. *Id.*

174. *Id.* Evidence adduced at trial indicated that Warner Brothers did not suffer financially from the defendant's minimal activities. *Id.* at 762.

175. *Id.* at 749.

176. *Id.* at 749-50.

trepreneur.¹⁷⁷ Particularly troublesome to the court were provisions granting Warner Brothers the right to search the business premises of the defendants and to seize all merchandise relating to the alleged counterfeit activity.¹⁷⁸ These provisions, the court determined, amounted to an unlawful search and seizure of the business premises.¹⁷⁹ Thus, *Dae Rim* epitomizes the search and seizure abuses that can result from improvidently granted *ex parte* seizure orders.¹⁸⁰

C. Remedies for Wrongful Seizure

Realizing the potential for abuse, Congress included in the Act a provision for damages in cases involving wrongful seizure.¹⁸¹ This provision allows for damages for lost profits, the cost of materials, loss of good will, punitive damages for bad faith seizures, and attorney's fees.¹⁸² Application of this provision, however, has been inconsistent.

177. *Id.* at 749.

178. *Id.* The court noted that the statute authorizing the seizure of the goods did not include a search provision. *Id.* at 766; see also 17 U.S.C. § 504 (1989) (copyright statute). The Trademark Counterfeiting Act of 1984 is very similar in scope to the copyright statute and also does not contain a search clause. In fact, the attorney seeking the order erroneously equated trademark with copyright. *Dae Rim Trading*, 677 F. Supp. at 760.

179. *Dae Rim Trading*, 677 F. Supp. at 749. On appeal, the circuit court modified the district court's conclusion entitling *Dae Rim* to attorney's fees. *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1126-27 (2d Cir. 1989). Instead, the circuit court upheld the district court's determination that a wrongful seizure was committed, but declined to agree that *Dae Rim* was the actual prevailing party - a finding necessary to entitle one to attorney's fees under the Act. *Id.*

180. The *Dae Rim* court also expressed concern over the plaintiff's exploitation of the defendants' shortcomings in the English language and their total lack of knowledge of American law. *Id.* at 749-50. Particularly troubling to the court was the plaintiffs' attorney's decision to go ahead with the seizure with full knowledge of the fact that the defendants were not aware of their right to an attorney and not volunteering that information. *Id.* at 750. With this in mind, it is conceivable that many illegal searches and seizures occurring under the Act went unreported. The Supreme Court illustrated this point when they remarked:

[F]or if an applicant for the writ knows that he is dealing with an uneducated, uninformed consumer with little access to legal help and little familiarity with legal procedures, there may be a substantial possibility that a summary seizure of property - however unwarranted - may go unchallenged, and the applicant may feel that he can act with impunity.

Fuentes v. Shevin, 407 U.S. 67, 83 n.13 (1972).

181. 15 U.S.C. § 1116(d)(11) (1988). The wrongful seizure damage provision in the Act only applies to instances in which the plaintiffs acted beyond the provisions in the grant. *Id.* No wrongful seizure damages exist when the overexpansive seizure stems from a court's erroneous grant. *Id.*

182. The provision states:

A person who suffers damage by reason of a wrongful seizure under this subsection has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the seizure was sought in bad faith, and unless the court finds extenuating circumstances, to recover a reasonable attorney's fee.

Id.

For instance, in determining who is an applicant (i.e., those applying for the *ex parte* seizure order) for wrongful seizure purposes, some courts have held that an applicant includes petitioning attorneys. Other courts, however, have held that petitioning attorneys are not applicants.¹⁸³ Lost profits, a damage award that presents problems in other areas of the law,¹⁸⁴ are no more determinable in instances of wrongful seizure.¹⁸⁵ Difficulty also exists for courts in establishing a uniform standard to apply when deciding punitive damage claims under the bad faith requirement.¹⁸⁶ Additionally, courts have demonstrated an aversion to the idea of awarding attorney's fees.¹⁸⁷ Furthermore, despite these remedies, even a temporary deprivation of property is a violation of one's constitutional rights.¹⁸⁸ As such, alternatives other than seizure orders must be explored.

D. Alternative Solutions

Problems emerging from the issuance of *ex parte* seizure orders stem from the courts' failure to distinguish between blatant counterfeiters, i.e., street peddlers,¹⁸⁹ and non-blatant counterfeiters, i.e., the *Dae Rim* trading shop owners.¹⁹⁰ As between the two, Congress only in-

183. See *supra* note 156 (two cases having opposite interpretations of the scope of the term).

184. For example, in the area of tort law, courts find it difficult to assess monetary damages for pain and suffering in personal injury suits. See generally Lewis A. Kornhauser, *The Value of Life*, 38 CLEV. ST. L. REV. 209 (1990). Additionally, in bankruptcy claims against corporations, courts find it difficult to put a monetary value on the assets of the corporation. See also Chaim J. Fortgang and Thomas Moers Mayer, *Valuation in Bankruptcy*, 32 UCLA L. REV. 1061 (1985).

185. See, e.g., *Slazengers Ltd. v. Stoller*, No. 88 C 3722, 1989 U.S. Dist. LEXIS 15089, at *10-11 (N.D. Ill. Dec. 12, 1989).

186. See, e.g., *Skierkewicz v. Gonzalez*, 711 F. Supp. 931, 934-35 (N.D. Ill. 1989).

187. See *Warner Bros., Inc., v. Dae Rim Trading, Inc.*, 877 F.2d 1120 (2d Cir. 1989); *General Elec. Co., v. Speicher*, 877 F.2d 531 (7th Cir. 1989). Both the *Dae Rim* and *Speicher* courts reversed the district courts' awards of attorneys' fees. In general, the federal courts frown on the awarding of attorney's fees as damages. See *Alyeska Pipeline Service Co. v. Wilderness Soc.*, 421 U.S. 240 (1975). One reason for this is that one should not be penalized for initiating a lawsuit in light of the uncertainty of litigation. Also, penalizing one for losing a lawsuit by making one pay for attorney's fees tends to discourage the poor from initiating actions to protect their rights. See *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967).

188. "But it is now well settled that a temporary, nonfinal deprivation of property is nonetheless a 'deprivation' in the terms of the Fourteenth Amendment." *Fuentes v. Shevin*, 407 U.S. 67, 84-85 (1972) (citation omitted).

189. See *Vuitton v. White*, 945 F.2d 569, 570 (3d Cir. 1991) (counterfeiters selling the bogus luggage were Philadelphia street vendors). Oftentimes, these types of street vendors are referred to as "Vuitton type criminals." See Kearney, *supra* note 65, at 161 n.263; see also *Slazengers Ltd. v. Stoller*, No. 88 C 3722, 1989 U.S. Dist. LEXIS 15089, at *3 (N.D. Ill. Dec. 12, 1989) (plaintiffs had difficulty in locating defendants because defendants continually moved their place of operation to remain untraceable).

190. See, e.g., *General Elec. Co. v. Speicher*, 681 F. Supp. 1337 (N.D. Ind. 1988), *rev'd*, 877 F.2d 531 (7th Cir. 1989) (defendant was reputable businessman, not a street vendor); *Warner*

tended use of the *ex parte* orders against blatant counterfeiters, and only in rare circumstances.¹⁹¹

To eliminate these present problems, courts must discard their casual approach to the issuance of *ex parte* seizure orders¹⁹² and instead treat the orders for what they really are - a nonchallengeable deprivation of a fundamental right.¹⁹³ In order to avoid Fourth and Fourteenth Amendment abuses, courts should implement a two-step evaluation procedure. First, courts should meticulously scrutinize each request for an *ex parte* order, thus ensuring the accuracy of plaintiff's petition. If necessary, the presiding judge should summon the petitioners to explain any shortcomings in the petition. Second, if the court determines that a petition is valid, the court should then weigh the counterfeiters' constitutional interests¹⁹⁴ against both the plaintiffs'¹⁹⁵ and society's interest in eliminating counterfeiting.¹⁹⁶ As to this second step, one commentator proclaimed that "[i]n cases of blatant counterfeiting, the constitutionally protected interests of the suspect counterfeiter are outweighed by the societal interest in curbing commercial counterfeiting."¹⁹⁷ Applying this approach would limit the applicability of *ex parte* seizure orders to street vendors and other similarly situated counterfeiters.¹⁹⁸ This would leave all other counterfeiters (i.e., reputable businesses that nonetheless engage in counterfeiting)¹⁹⁹ free from *ex parte* seizure of their goods. This does not mean, however, that trademark owners are

Bros., Inc. v. Dae Rim Trading, Inc., 677 F. Supp. 740 (S.D.N.Y. 1988), *aff'd in part and rev'd in part*, 877 F.2d 1120 (2d Cir. 1989) (defendants were owners and operators of New York City trading shop).

191. See S. REP. NO. 98-526, 98th Cong., 2nd Sess. 15 (1984).

192. See cases cited *supra* note 63 for a discussion of the frequency with which courts grant requests for *ex parte* seizure orders.

193. The Supreme Court has long held that a property interest is a fundamental right within the meaning of the Fourteenth Amendment. See *Fuentes v. Shevin*, 407 U.S. 67, 81 (1972); *United States v. Jeffers*, 342 U.S. 48, 52 (1951).

194. These interests include both the Fourth Amendment protection against illegal search and seizure and the Fourteenth Amendment right to due process.

195. The plaintiffs' interest lies in removing the counterfeit goods bearing their trademark from the flow of commerce. By doing this, their profits and reputation will improve.

196. See *Kearney*, *supra* note 65, at 169-70 (society's interest is most often met in instances where the counterfeit goods threaten human health and welfare); see also *supra* note 64 (examples of counterfeit items that meet this criteria).

197. See *Kearney*, *supra* note 65, at 170.

198. See *supra* note 189.

199. *Speicher* and *Dae Rim* fall into this category.

left without a means of combating these types of counterfeiters,²⁰⁰ as safer,²⁰¹ yet equally effective alternatives exist.

One possible alternative to the use of an *ex parte* seizure order would be to redirect the funds presently spent on obtaining and implementing seizure orders to the investigation of counterfeiters.²⁰² Specifically, trademark owners could infiltrate the counterfeiting network,²⁰³ allow counterfeiters to prosper, document the profits, and then retroactively sue for their lost profits.²⁰⁴

Another alternative to the use of an *ex parte* seizure order is the issuance of an injunction²⁰⁵ or a temporary restraining order.²⁰⁶ These remedies are particularly effective in instances where the alleged counterfeiters operate out of a shop (in which case they are *less likely* to dispose of their goods and flee upon notice of pending legal proceedings) rather than out on the street corners (in which case they are more *likely* to dispose of their goods and flee upon notice of pending legal proceedings).²⁰⁷ The orders are effective because they prevent any additional sale of counterfeit goods,²⁰⁸ while at the same time providing the

200. One seasoned trademark attorney has intimated that *ex parte* seizure orders should only be requested in rare circumstances, indicating that "[t]he arsenal in trademark counterfeiting cases is formidable . . . the attorney, therefore, should never ask for more than he needs." See Bainton, *supra* note 74, at 468.

201. By eliminating *ex parte* seizure of goods, the dangers of due process and wrongful seizure violations are lessened. See *supra* notes 132-88 and accompanying text.

202. Trademark owners spend exorbitant amounts of money employing investigative services to search out counterfeiting activity. For instance, Warner Brothers sought their *ex parte* seizure order after being informed by their hired investigatory service that one of their agents purchased counterfeit Gremlin merchandise; Warner Bros., Inc. v. Dae Rim Trading, Inc., 677 F. Supp. 740, 748 (S.D.N.Y. 1988), *aff'd in part and rev'd in part*, 877 F.2d 1120 (2d Cir. 1989).

203. For an explanation of this network, see Matter of Vuitton et Fils S.A., 606 F.2d 1, 2 (2d Cir. 1979); see also Bainton, *supra* note 74, at 461-62 (author likens the counterfeiter's operational methods to that of organized crime).

204. See National Football League Properties, Inc. v. Coniglio, 554 F. Supp. 1224, 1226 (D.D.C. 1983) (court recommending this alternative). Presently, plaintiffs suing for lost profits are unable to put on evidence of the amount of the counterfeiter's profits because the counterfeiters do not keep business records, with the obvious reason being that plaintiff's recoveries are limited to documented counterfeit profits. See Vuitton et Fils S.A. v. Crown Handbags, 492 F. Supp. 1071 (S.D.N.Y. 1979), *aff'd*, 622 F.2d 577 (2d Cir. 1980).

205. An injunction prohibits the counterfeiters from selling any additional merchandise until a formal hearing is held. An injunction has no particular time limit. See *supra* notes 25-28 and accompanying text.

206. Temporary restraining orders are emergency orders prohibiting the sale of merchandise until a hearing is held. Temporary restraining orders usually last no longer than ten days. See *supra* notes 29-30 and accompanying text.

207. See *supra* notes 74-78 and accompanying text for an explanation of counterfeiter's methods of operation.

208. Additional sales are prohibited pending a hearing. See *supra* notes 116-23 and accompanying text.

alleged counterfeiters with notice and an opportunity to be heard thus avoiding any constitutional difficulties.²⁰⁹

V. CONCLUSION

Vuitton v. White is yet another case utilizing the Trademark Counterfeiting Act of 1984 to grant an *ex parte* seizure order. The Act, with its provisions authorizing stiffer penalties and the issuance of *ex parte* seizure orders, is an invaluable weapon in the war against counterfeiting. Courts should be careful, however, not to abuse the Act's powers — particularly with respect to the provisions governing the issuance of *ex parte* seizure orders. Abuses often occur when courts fail to carefully scrutinize requests for *ex parte* seizure orders. Improvidently granted seizure orders unavoidably result in wrongful seizures.

To guard against the danger of improvidently granted seizure orders, courts should carefully evaluate all requests for *ex parte* seizure orders, weighing the constitutional interests of the reputed counterfeiters against both the plaintiffs' and society's interest in eliminating counterfeiting. Besides *ex parte* seizure orders, alternatives such as retribution for lost profits, injunctions, and temporary restraining orders are also available to combat counterfeiting abuses. If courts continue to

209. See *supra* notes 135-80 for a discussion of due process and search and seizure problems. J. Joseph Bainton, a leading practitioner in the field of trademark law, cites the following remedies as viable alternatives to the *ex parte* seizure order:

- (1) A preliminary injunction brought on for hearing by regular notice of motion.
- (2) A preliminary injunction brought on by order to show cause.
- (3) A preliminary injunction brought on for hearing by order to show cause coupled with a temporary restraining order entered after giving the defendant notice of presentation of the application for the temporary restraining order and an opportunity to be heard.
- (4) A preliminary injunction brought on for hearing by order to show cause coupled with a temporary restraining order issued *ex parte*.
- (5) A preliminary injunction brought on for hearing by order to show cause coupled with (a) a temporary restraining order issued *ex parte*, and (b) an order sealing the file pending service of the order to show cause and temporary restraining order.
- (6) A preliminary injunction brought on for hearing by order to show cause coupled with (a) a temporary restraining order issued *ex parte*, (b) an order sealing the file pending service of the order to show cause and temporary restraining order, and (c) an order directing the United States Marshal or one of his deputies to enter the defendant's premises and seize and impound all infringing articles, all devices used to merchandise or advertise such infringing articles, and all books, records and other documents which relate to such infringing articles.
- (7) A preliminary injunction brought on for hearing by order to show cause coupled with (a) a temporary restraining order issued *ex parte*, (b) an order sealing the file pending service of the order to show cause and temporary restraining order, and (c) an order directing the United States Marshal or one of his deputies to use such reasonable force as circumstances warrant to gain entrance to the defendant's premises and seize and impound all infringing articles, and all books, records and other documents which relate to such infringing articles.

See Bainton, *supra* note 74, at 468-69.

put too much reliance on *ex parte* seizure orders, more harm than good will result.

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